

# SMART Plan Update

WINTER 2008 VOL 5, NO 4

EDUCATE

YOUR 457 DEFERRED COMPENSATION PLAN NEWSLETTER

FOR MORE INFORMATION: GO TO [WWW.MASS-SMART.COM](http://WWW.MASS-SMART.COM)

## Time to Rebalance Your Portfolio

The market volatility of 2008 was unprecedented. If you started the year with an investment strategy of 50% in stocks and 50% in bonds, your portfolio now has a greater percentage in bonds. Obviously, this is because bonds greatly outperformed stocks in 2008.

This is a dramatic example, but the point is to illustrate how different assets gain and/or lose value at different times. If you find that your asset allocation has shifted over the past year, you may need to rebalance your portfolio.<sup>1</sup> That means adjusting your allocation so that it returns to your original investment strategy. To get back to your original allocation, consider these strategies:

- Shift money from your highest-performing assets into those that have lagged. That means you're essentially selling high and buying low—a classic formula for investing success.

- You might also change your future allocations. Bump up the percentage of your contributions devoted to your lower-performing assets; reduce the percentage earmarked for your winning funds.

The SMART Plan even has an automated tool to rebalance your account for you. To access this tool, log in to [www.mass-smart.com](http://www.mass-smart.com) and select Manage Investments > Reallocate Balance.<sup>2</sup> It brings your portfolio back to the original investment strategy that you determined—automatically and at a frequency that you select. Regular rebalancing can ensure that your investment strategy continues to reflect your goals and risk tolerance.

Cover photo of the entrance hall of Union Station in Worcester, Massachusetts.



A LETTER FROM  
TREASURER TIMOTHY P. CAHILL

Dear SMART Plan Participant,

Although 2008 has been challenging for most investors, it's important not to abandon the basic principles of investing. Rebalancing your portfolio will keep your investment strategy on track and true to your goals. Please read the article *Time to Rebalance Your Portfolio* on this page for more information.

In 2009, you have an opportunity to save more toward your retirement. Please read the article *Contribution Limits Are Increasing for 2009* on page 3 and as a New Year's resolution for retirement, consider increasing your contribution amount.

Another retirement resolution you could consider is starting to gather information on retirement planning. On page 2, you will find a list of valuable resources. Also, attend a "Fundamentals of Investing" seminar. Page 4 has the details of this seminar series focused on giving you basic principles of investing to help you make better investment decisions in the SMART Plan.

Happy New Year!

TIMOTHY P. CAHILL  
SMART PLAN PARTICIPANT  
STATE TREASURER &  
RECEIVER GENERAL

# Interested in Finding More Information About Retirement Planning?

Lately, just opening the business section of the paper or watching the news can be unsettling. We've all heard a lot about the credit crunch, bank failures and government bailouts. And the stock market has been going up and down in response to the news.

Where can you go to find information on how to deal with your retirement account? There are many fair and unbiased organizations that provide a wealth of information on their Web sites. Listed here are some organizations that provide publications and tools that can help in researching retirement.

## **AARP—Money and Retirement**

[Http://www.aarp.org/money/retirement](http://www.aarp.org/money/retirement) is a Web site that provides retirement calculators and opinions on how to better prepare for retirement.

## **Social Security Administration Online**

[Http://www.ssa.gov/](http://www.ssa.gov/) provides valuable information to help calculate your Social Security benefits at retirement and the best time to retire.

## **U.S. Department of Labor—Employee Benefits Security Administration**

[Http://www.dol.gov/ebsa/publications/main.html](http://www.dol.gov/ebsa/publications/main.html) is a publications section of the Web site with retirement brochures, such as *Top 10 Ways to Prepare for Retirement* and *What You Should Know About Your Retirement Plan*.

## **U.S. Securities and Exchange Commission (SEC)<sup>3</sup>**

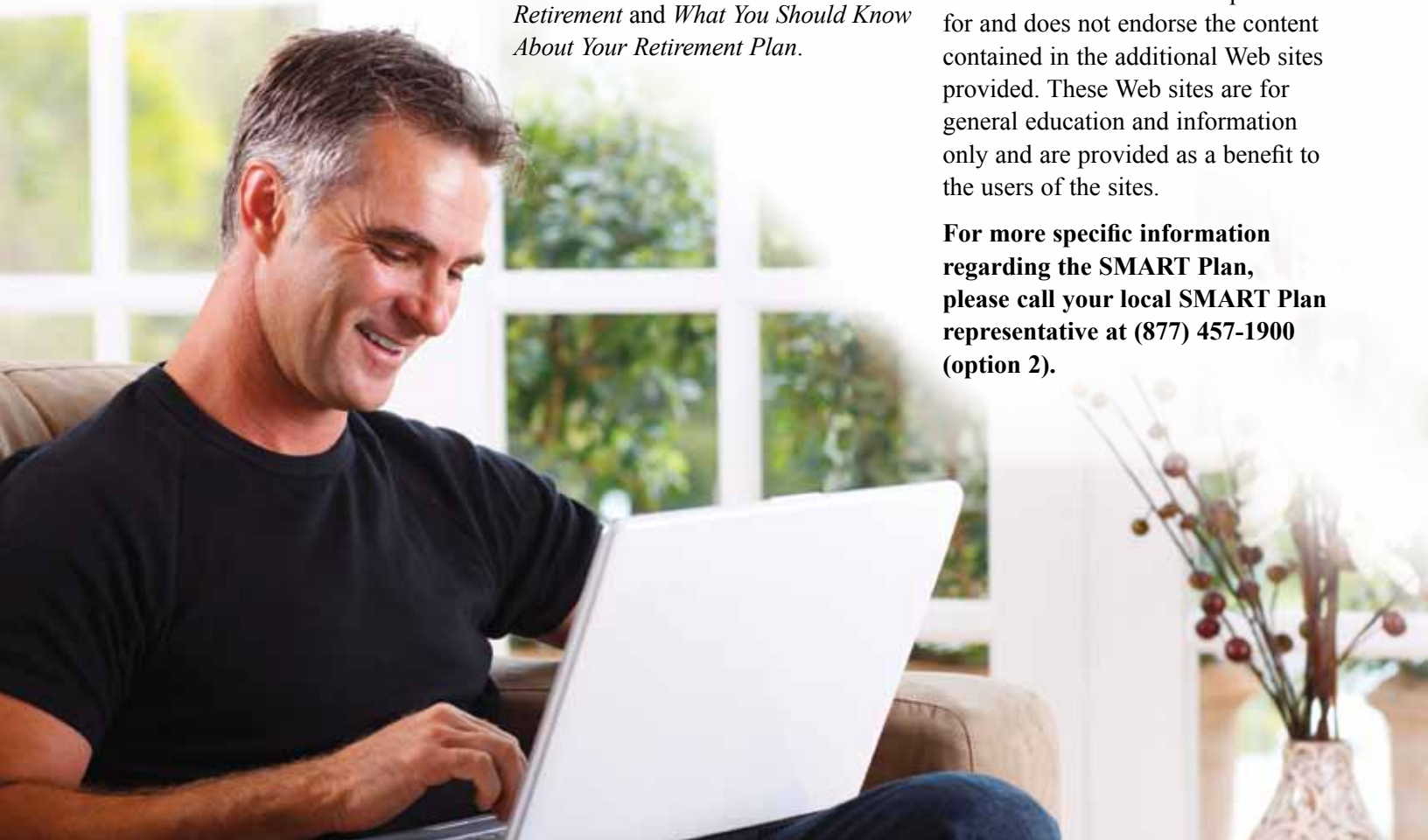
[Http://www.sec.gov/investor/pubs.shtml](http://www.sec.gov/investor/pubs.shtml) links to the publications section of the Office of Investor Education and Assistance Web site that has several brochures regarding investments, such as *Invest Wisely: An Introduction to Mutual Funds and Mutual Fund Fees and Expenses*.

## **U.S. Financial Literacy and Education Commission**

[Http://www.mymoney.gov/retirement.shtml](http://www.mymoney.gov/retirement.shtml) is the Retirement Planning section of the Web site that provides numerous links to all aspects of retirement planning.

The SMART Plan is not responsible for and does not endorse the content contained in the additional Web sites provided. These Web sites are for general education and information only and are provided as a benefit to the users of the sites.

**For more specific information regarding the SMART Plan, please call your local SMART Plan representative at (877) 457-1900 (option 2).**



# Contribution Limits Are Increasing for 2009

Contribution limits for the SMART Plan will increase in 2009. There are three different limits affected: for participants below age 50, participants age 50 or older, and participants eligible for the Special Catch-Up (see table below).

Contribution Type	Maximum Limit for 2009
Normal Contributions Contribute a maximum of 100% of your includible compensation, not to exceed the annual IRS limit.	\$16,500
Age 50+ Catch-Up* For participants age 50 or older during the 2009 calendar year.	\$22,000
Special Catch-Up* During the three consecutive years prior to, but not including, the year you attain normal retirement age, you're eligible if you have undercontributed to the SMART Plan or another employer-sponsored retirement plan in the past.	\$33,000

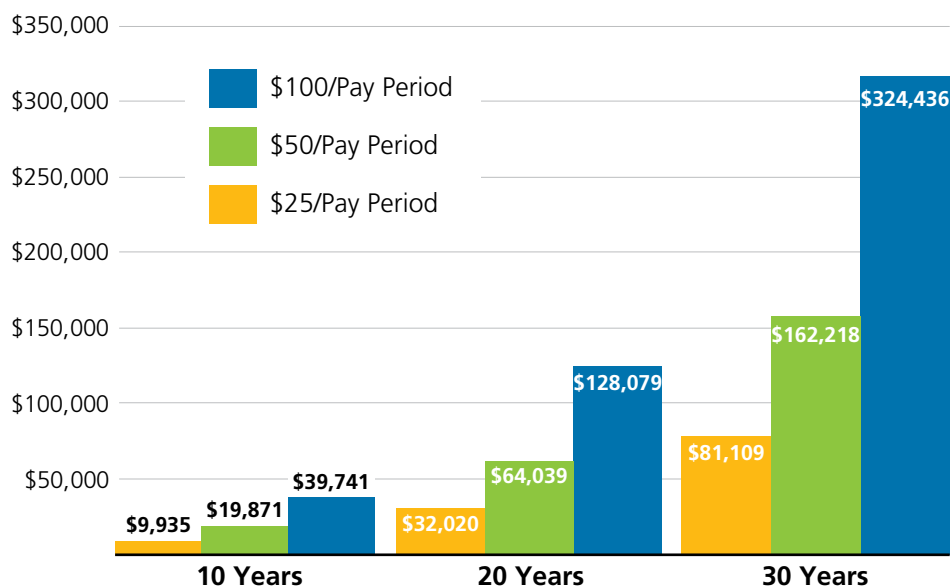
\* The Special Catch-Up and Age 50+ Catch-Up provisions cannot be used in the same year. You should evaluate which catch-up provision is most favorable for you.

## Contribute as Much as You Can

Contribute as much as you can based on your individual circumstances, and consider increasing your contributions with each pay raise. Even a small increase can make a big difference over time.

The following graph illustrates the potential long-term effect of increasing your contributions from \$25 to \$50 to \$100 per pay period (26 pay periods).

To change your contribution amount, log in to [www.mass-smart.com](http://www.mass-smart.com) and select Manage Investments > Change Contribution Amount or call the SMART Plan Service Center at (877) 457-1900.<sup>2</sup>



**For illustrative purposes only.** This hypothetical illustration does not represent the performance of any investment options. It assumes an 8% annual rate of return and reinvestment of earnings, with no withdrawals. The illustration does not reflect any taxes, charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulations shown above would be reduced if these fees had been deducted. Source: Great-West Retirement Services®, 2009.

## Suspension of Required Minimum Distributions for 2009

On December 10 and 11, both the U.S. House and Senate passed H.R. 7327, the “Worker, Retiree, and Employer Recovery Act of 2008” (the Act). The Act includes a relief measure that waives the requirement for taxpayers age 70½ and older to take a Required Minimum Distribution (RMD) in 2009.

This Bill was signed by President Bush on December 23, 2008, and became law December 24, 2008. For more information, please contact the SMART Plan Service Center at (877) 457-1900.<sup>2</sup>



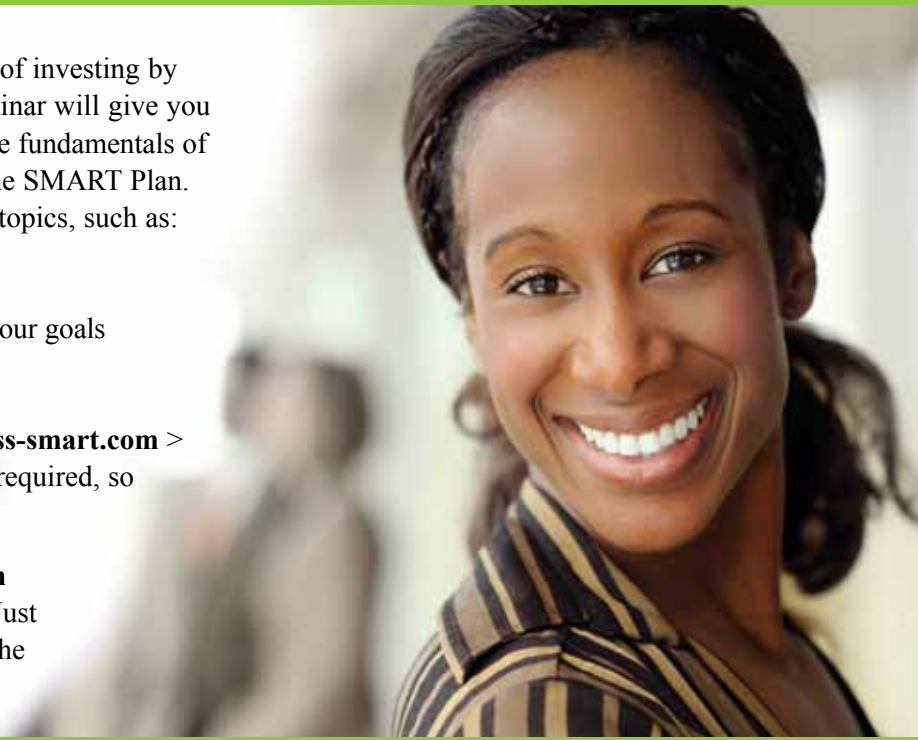
# Attend a 'Fundamentals of Investing' Seminar

Take the time to learn more about the fundamentals of investing by attending a meeting at a location near you. This seminar will give you a few key principles to help you better understand the fundamentals of investing and make better investment decisions in the SMART Plan. A SMART Plan representative will cover important topics, such as:

- Recent market events
- Building an investment portfolio that matches your goals
- Easy investment solutions available to you

To find a seminar location near you, go to **www.mass-smart.com** > Educate > Educational Seminars. No registration is required, so you may attend a meeting at your convenience.

**If you do not have the time to attend a seminar in person, you may review the presentation online.** Just go to **www.mass-smart.com** > Invest and click on the Fundamentals of Investing badge.



## GOT QUESTIONS? NEED ANSWERS?

### **SMART Plan Customer Service Center<sup>2</sup>**

Call us today at **(877) 457-1900!**  
Available Monday through Friday  
from 9:00 a.m. to 8:00 p.m. ET

### **Regional Service Center Waltham**

255 Bear Hill Rd.  
Waltham, MA 02451  
Available Monday through Friday  
from 9:00 a.m. to 5:00 p.m.

### **Boston**

One Ashburton Place, 12th Floor  
Boston, MA 02108  
Available Monday through Friday  
from 9:00 a.m. to 5:00 p.m.

### **Boston**

31 St. James Avenue, Suite 810  
Boston, MA 02116  
Available by appointment

### **Springfield**

436 Dwight Street, Room 109  
Springfield, MA 01103  
Available Monday,  
Wednesday and Friday  
from 9:00 a.m. to 5:00 p.m.

### **Worcester**

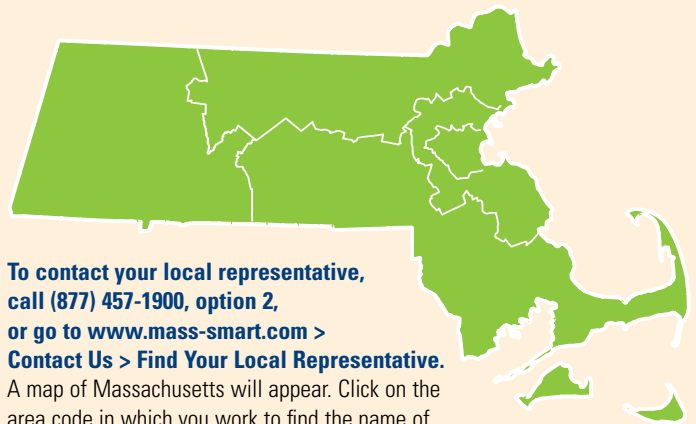
2 Chestnut Place/22 Elm Street  
Worcester, MA 01608  
Available Monday and Thursday  
from 9:00 a.m. to 5:00 p.m.  
Tuesday, Wednesday and Friday  
from 9:00 a.m. to 3:00 p.m.

### **Framingham**

945 Concord Street  
Framingham, MA 01701  
Available by appointment

### **Quincy**

859 Willard Street  
Quincy, MA 02169  
Available by appointment



**To contact your local representative,  
call (877) 457-1900, option 2,  
or go to [www.mass-smart.com](http://www.mass-smart.com) >  
Contact Us > Find Your Local Representative.**

A map of Massachusetts will appear. Click on the area code in which you work to find the name of your local representative.

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<sup>1</sup> Rebalancing does not ensure a profit and does not protect against loss in declining markets.

<sup>2</sup> Access to the SMART Plan Service Center and Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

<sup>3</sup> The SEC or any other regulatory organization neither endorses, indemnifies nor guarantees a member firm's business practices, selling methods, the class or type of securities offered, or any specific security.

#### **Core securities, when offered, are offered through GWFS Equities, Inc.**

GWFS Equities, Inc., or one or more of its affiliates, may receive a fee from the investment option provider for providing certain recordkeeping, distribution and administrative services. Representatives of GWFS Equities, Inc. are not registered investment advisers and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax adviser as needed. Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. Great-West Retirement Services® is a registered service mark of Great-West Life & Annuity Insurance Company. All rights reserved.

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